Civil Legal Services

Special Operating Agency

1999/2000 Annual Report

Manitoba
Justice

100-06935/

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MINISTER OF JUSTICE
ATTORNEY GENERAL

Room 104
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable Peter M. Liba
Lieutenant Governor of Manitoba
Room 235 Legislative Building
450 Broadway
Winnipeg MB R3C 0V8

May It Please Your Honour:

I have the honour of presenting the Fifth Annual Report of the Civil Legal Services Special Operating Agency for the fiscal year ended March 31, 2000.

Respectfully submitted,

Gord Mackintosh
Minister of Justice
Attorney General

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Manitoba

Deputy Minister of Justice
and Deputy Attorney General

Room 110
Legislative Building
Winnipeg MB R3C 0V8

July 25, 2000

The Honourable Gord Mackintosh
Minister of Justice
Attorney General
Room 104 Legislative Building
450 Broadway
Winnipeg MB R3C 0V8

Dear Minister:

I am pleased to submit for your consideration the Fifth Annual Report of the Civil Legal Services Special Operating Agency for the fiscal year ending March 31, 2000.

The results of the 1999/2000 fiscal year indicate that Civil Legal Services (CLS) has operated successfully and effectively by focusing on client service. The results also indicate that the advantages of SOA status, including the flexibility to hire staff as required to provide service levels appropriate to client demand, the ability to plan on a long term basis, the ability to acquire new equipment and the benefits that accrue from the acquisition and use of such equipment, have assisted CLS in sustaining the provision of high quality legal services to its clients and in recovering the full cost of its operations.

The Advisory Board is pleased with the continued success of CLS and encouraged by the commitment of its employees and the support of its clients.

All of which is respectfully submitted,

Bruce A. MacFarlane, Q.C.
Deputy Minister of Justice
Deputy Attorney General

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Manitoba

Justice

Civil Legal Services
SOA

Room 730
Woodsworth Building
405 Broadway
Winnipeg MB R3C 3L6
CANADA

July 25, 2000

Foreward

It is with great pleasure that I present the Fifth Annual Report of the Civil Legal Services (CLS) Special Operating Agency.

This report provides an overview of CLS and outlines its accomplishments during its fifth year (1999/2000) as a Special Operating Agency (SOA).

The members of CLS are committed to providing timely, quality, helpful, efficient and cost effective legal services that meet the needs of its clients.

The results described in this annual report reflect the commitment and cooperation of all members of CLS.

Tom G. Hague
Director

1. PROFILE OF CIVIL LEGAL SERVICES

1.1 Civil Legal Services

The role of Civil Legal Services ("CLS") flows from the constitutional and statutory[1] responsibilities of the Minister of Justice as the Chief Legal Advisor to government and the guardian of the public interest. Acting pursuant to government policy, Civil Legal Services is responsible for providing a full range of high quality legal services, on a cost recovery basis, to its clients, namely the Government of Manitoba, the government's agencies, boards and committees and some Crown corporations.

1.2 Special Operating Agency Status

CLS remains a branch within the Department of Justice of the Province of Manitoba and is accountable to the Deputy Minister and Minister for operational and financial performance. As a special operating agency, CLS operates outside of the Consolidated Fund and under the Special Operating Agencies Financing Authority ("SOAFA"), which holds title to CLS's assets, provides financing for operations and is responsible for CLS's liabilities. Accountability is supported by CLS's compliance with its Operating Charter, transfer agreement, management agreement, applicable General Manual of Administration policies and *The Special Operating Agencies Financing Authority Act* ("*The SOAFA Act*").

The increased management authority and more rigorous planning and reporting requirements afforded by special operating agency ("SOA") status have assisted CLS in sustaining the provision of high quality legal services to its clients.

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[1]The statutory basis for the Minister's responsibility is set out in sections 2 and 2.1 of *The Department of Justice Act*, C.C.S.M. c. J35.

2. MISSION, OPERATING PRINCIPLES AND CRITICAL SUCCESS FACTORS

2.1 Mission of CLS

CLS's mission is to provide timely, high quality, helpful, efficient and cost-effective legal services that meet the needs of its clients, namely, the Government of Manitoba and the government's agencies, boards, committees and those Crown corporations to which CLS provides legal services.

2.2 Operating Principles

CLS's mission and goals are supported by the following operating principles:

(a) service is customer focused;

(b) service is cost-effective;

(c) a commitment to the highest standards of service.

2.3 Critical Success Factors of CLS

Factors critical to the success of CLS are:

(a) providing timely, high quality, helpful, efficient, cost-effective legal services that meet the needs of its clients;

(b) determining its effectiveness in meeting its clients' needs;

(c) identifying better ways to meet its clients' needs for legal services;

(d) improving communication between CLS and its clients and communication within CLS;

(e) improving job satisfaction; and

(f) developing means to assist staff to work as effectively as possible to satisfy changing client needs and to make adjustments to deal with increasing work loads, deadlines and the pressure of reduced resources.

3. COST RECOVERY BY CIVIL LEGAL SERVICES

On April 1, 1992, CLS became the first government legal services office in Canada to recover the cost of providing legal services to its clients. While a number of provinces and the federal government have been looking at the issue of cost recovery for in-house legal services, CLS remains the only government legal services office in Canada to operate on this basis.

On April 1, 1995, CLS commenced operation as a Special Operating Agency.

In fiscal year 1999/2000, clients were billed at the rate of $101.00 per hour[2] for services provided by CLS counsel, being the amount required to cover all of CLS's costs and break even. All of CLS's costs are covered by this hourly rate, including salaries, operating costs (including rent) and employee benefits (including pension benefits).

The CLS cost recovery system operates in a fashion similar to billing systems used by private law firms. Time spent by counsel in providing services is billed in increments of one-tenth of an hour. Each counsel keeps a daily record of time for services provided, indicating the client for whom the work was performed, the file on which work was performed, a brief description of the service provided and the amount of time expended. In fiscal year 1999/2000, clients were provided with detailed statements of account showing the services provided on each file on a monthly basis.

Payment arrangements are negotiated with CLS clients annually.

[2]This is an increase of $4.00 per hour over the rate of $97.00 per hour which was charged in 1995/96, 1996/97 and in 1997/98.

4. LEGAL SERVICES

4.1 CLS Services

CLS provides a full range of legal services in the following areas:

(a) Aboriginal Law;

(b) Access and Privacy Law;

(c) Administrative Law;

(d) Civil Litigation;

(e) Constitutional Law

(i) assisting the Constitutional Law Branch in some cases involving the application of the *Canadian Charter of Rights and Freedoms* and in Aboriginal self-government issues; and

(ii) providing advice on the constitutional division of powers and taxation issues;

(f) Contracts and Agreements;

(g) Conveyancing;

(h) Corporate and Commercial;

(i) Information Technology Law;

(j) International Law;

(k) Legal Opinions and Advice;

(l) Legislative and Policy Development (which occasionally includes drafting legislation);

(m) Prosecution of Provincial Statute Offences; and

(n) Training and Education.

4.2 Use of Outside Counsel

CLS provides most, but not all, civil legal services to government and its agencies. In appropriate circumstances, at the request of a client, outside counsel is retained by the Department of Justice, through CLS.

5. STRUCTURE OF CIVIL LEGAL SERVICES

5.1 Staff

As of March 31, 2000, CLS staff consisted of:

- 1 director
- 31 legal counsel *(21 in regular positions and 10 in term positions)*
- 1 administrative officer
- 16 administrative assistants *(10 in regular positions and 6 in term positions)*
- 1 financial officer
- 1 accounting clerk
- 2 articling students

Fluctuations in the number of legal counsel occurred frequently during the course of 1999/2000. During the year, four legal counsel were on maternity leave each for a six month duration and, in the middle of the fiscal year, a senior counsel resigned to take a position in the private sector. Both situations necessitated the recruitment of new counsel and, as a result, six legal counsel were hired in 1999/2000.

5.2 Key Personnel

All members of CLS are key personnel and are committed to using their best efforts to advance the CLS mission of providing timely, high quality, helpful, efficient and cost-effective client-focused services. The provision of legal services requires a strong knowledge of the law and government issues as well as a high degree of collaboration, cooperation and consultation among members of CLS and with other counsel in the Department of Justice. All members have demonstrated these skills. They have also worked extremely hard to meet the service and operational goals of CLS.

Members of CLS are encouraged and given support to upgrade their skills.

5.3 Organization of Counsel

Legal counsel are divided into three teams, each headed by a team leader.

One team is designated as the litigation team and the members of this team perform most of the CLS litigation work. Litigation coming into the office is generally assigned to counsel by the litigation team leader. The second team consists of counsel whose area of practice is primarily corporate/commercial law and information technology work. The third team, the Crown law team, consists of counsel who provide a wide range of legal services.

The only legal position dedicated to management is that of Director. All counsel, including the Director, provide legal services to clients. Most counsel are assigned to provide legal services to one or more client departments or agencies. The larger clients are served by more than one counsel.

5.4 Administration

The day to day operations of CLS are managed by the Director, who reports directly to the Assistant Deputy Minister of Justice.

Within CLS, the "Action Committee" deals with administrative and other matters affecting its operations. The Action Committee consists of the Director, six legal counsel, the Financial Officer, the Administrative Officer and two administrative assistants and generally meets on a monthly basis.

All members of CLS are expected to do what is necessary to meet client needs. They are given information and authority needed to provide clients with timely and appropriate services.

6. ADVISORY BOARD

The Director provides plans and reports to the Advisory Board established under the CLS Operating Charter for review and consultation. The Advisory Board members are appointed by the Minister of Justice and the Board is chaired by the Deputy Minister. The Board's role is to provide advice to CLS on its direction, the provision of services, its structure and on its mandate, business practices and financial reporting requirements.

In fiscal year 1999/2000, the members of the Advisory Board were:

(a) the Deputy Minister (ex officio) - Chairperson;

(b) the Assistant Deputy Minister (ex officio);

(c) the Director of CLS (ex officio);

(d) Client Representatives:

- Hugh Eliasson, Deputy Minister, Industry, Trade and Mines;
- Marlene Zyluk, Registrar of Motor Vehicles and Assistant Deputy Minister of Driver and Vehicle Licencing, Highways and Government Services;

(e) Representative of the Members of CLS:

- Lynn Romeo, General Counsel;

(f) External Representatives:

- Calvin Buss, Audit Partner, Deloitte & Touche;
- Don Martin, President, Burrows Lumber Inc.

7. CIVIL LEGAL SERVICES CONTACTS

Tom G. Hague, Director
Phone: (204) 945-2846

Maria Ducharme, Financial Officer
Phone: (204) 945-2956

Kim Nicholson, Administrative Officer
Phone: (204) 945-0303

Glenn McFetridge, Team Leader/General Counsel
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Gail Mildren, Team Leader/General Counsel
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Lynn Romeo, Team Leader/General Counsel
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Civil Legal Services SOA
Manitoba Justice
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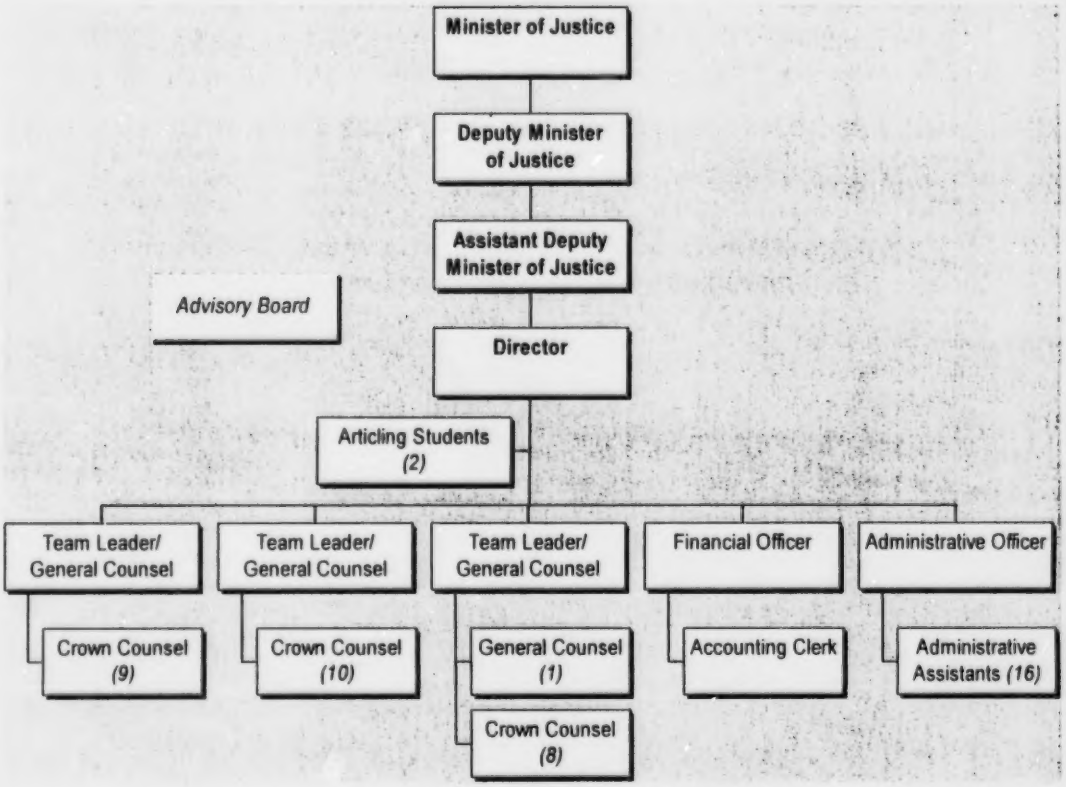
Winnipeg MB R3C 3L6
Fax: (204) 948-2041 / (204) 948-2826

8. CIVIL LEGAL SERVICES ORGANIZATION CHART 1999/2000



9. PERFORMANCE INDICATORS AND ACHIEVEMENTS

In the 1999/2000 CLS Business Plan, CLS established the following performance indicators for the year which set achievement levels for CLS. Performance measurement outcomes for staffing, client service, client satisfaction and cost savings are attached as Appendix A.

9.1 Client Satisfaction

Performance Indicator: ***Meetings with clients to discuss service.***
Performance: ***Meetings completed.***

Over the 1999/2000 fiscal year, the Director of CLS met with the Deputy Ministers and/or representatives of CLS's client departments and representatives of its Crown corporation clients to discuss the commitment of CLS to providing client-focused, high quality services; the services provided and the benefit of those services to the client; the cost-effective nature of the services; and client concerns and issues.

M121

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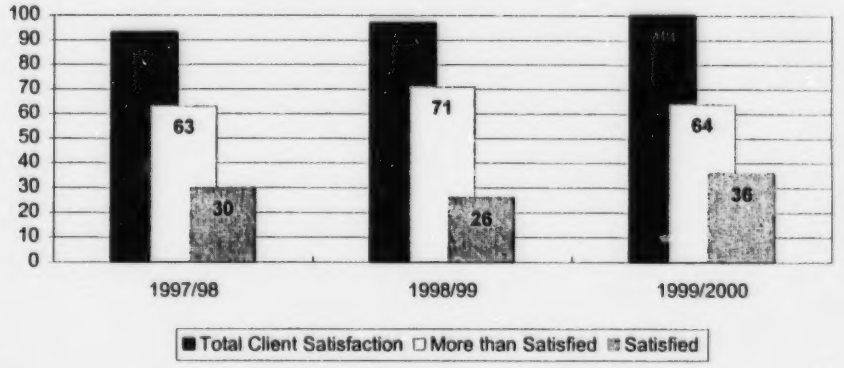
Performance Indicator: ***Use Client Comment Cards to regularly solicit client feedback as to their level of satisfaction.***

Performance: ***Client Comment Cards sent out.***

Since March 1997 CLS has been sending out Client Comment Cards on a quarterly basis to clients in order to obtain ongoing feedback. The feedback continues to be very positive with 64% of clients responding to the Client Comments Cards in 1999/2000 indicating that they were more than satisfied and 36% of the clients responding indicating that they were satisfied with the services provided.

Client Feedback Questionnaire

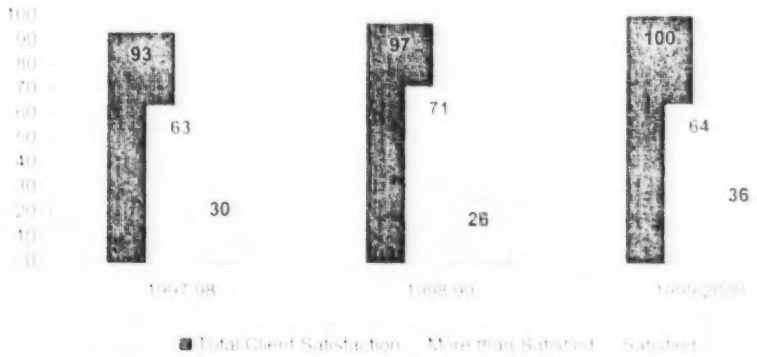


Performance Indicator: ***Use Client Comment Cards to regularly solicit client feedback as to their level of satisfaction.***

Performance: ***Client Comment Cards sent out.***

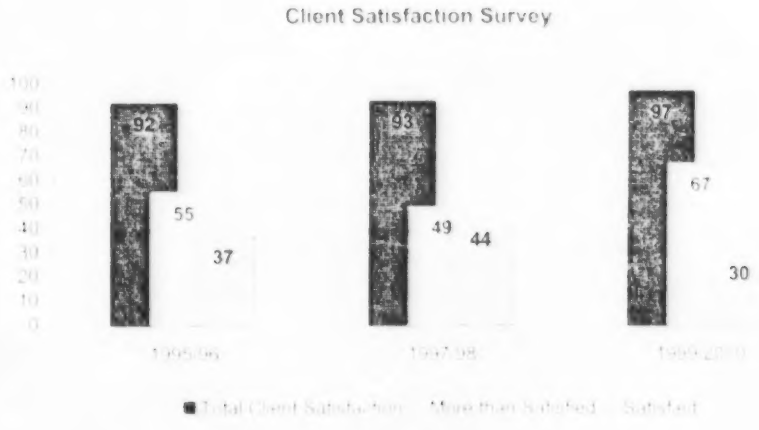
Since March 1997 CLS has been sending out Client Comment Cards on a quarterly basis to clients in order to obtain client feedback. The results continue to be very positive with 64% of clients responding to the Client Comment Cards in 1999/2000 indicating that they were satisfied with the service. Most of the clients responding indicated that they were satisfied with the service provided.

Client Feedback Questionnaire



Performance Indicator: ***Conduct Third Client Satisfaction Survey.***
Performance: ***Survey completed.***

In March 2000, Organisation and Staff Development (OASD) on behalf of CLS conducted a third client satisfaction survey with a report submitted to CLS at the end of April 2000. The Survey indicated that 97% of the respondents were satisfied or more than satisfied with the services provided by CLS.

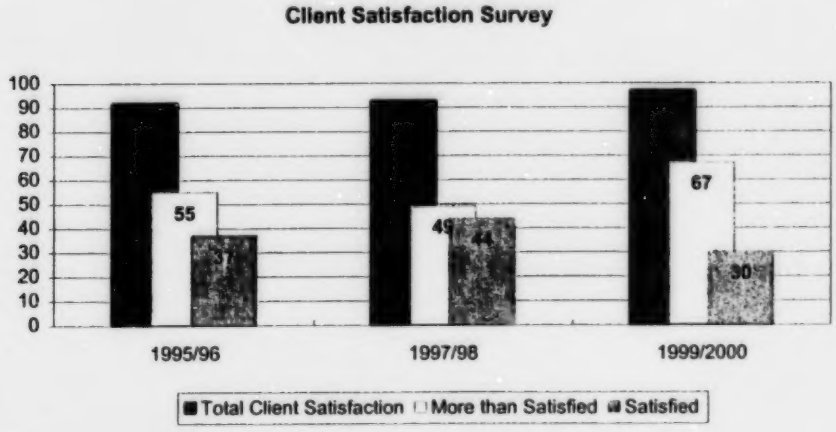


Performance Indicator: ***Review of Service Standards.***
Performance: ***Service Standards reviewed.***

The CLS Service Standards were established in 1995/96 and have been reviewed regularly. There was a reliance on the feedback from clients in 1999/2000 survey that a survey format was required to the CLS Service Standards. A working party CLS determined that a review of the Standards was necessary.

Performance Indicator: Conduct Third Client Satisfaction Survey.
Performance: Survey completed.

In March 2000, Organization and Staff Development (OSD), on behalf of CLS, conducted a third client satisfaction survey, with a report submitted to CLS at the end of April 2000. The Survey indicated that 97% of the respondents were satisfied or more than satisfied with the services provided by CLS.



Performance Indicator: Review of Service Standards.
Performance: Service Standards reviewed.

The CLS Service Standards were established in 1995/96, and have been reviewed regularly. There was nothing in the feedback from clients in 1999/2000 to suggest that any change was required in the CLS Service Standards. Accordingly, CLS determined that no change to the Standards was necessary.

Performance Indicator: ***Educational seminars for clients on current legal issues and developments.***

Performance: ***Members of CLS were directly involved in providing or presenting at a variety of seminars.***

CLS counsel were involved in providing a number of seminars/training sessions, including a presentation to staff of Manitoba Conservation on enforcement issues under *The Water Rights Act;* seminars for officers of the Human Rights Commission, covering issues such as legal developments and investigations; and courses for fire inspectors for the Fire Commissioner's Office respecting court proceedings and giving evidence. Counsel also participated in a question-answer period for FIPPA Access and Privacy Coordinators, orientation sessions for members of the MLCC Board of Commissioners and the Licencing Board of the MLCC, and contract management seminars for various government departments.

Performance Indicator: ***Publish three information bulletins.***

Performance: ***Three information bulletins published.***

In order to inform its clients on significant legal issues and related matters of interest, CLS published three information bulletins on the following subjects: Tender Documents and Privilege Clauses, Canada Post Registered and Certified Mail Services, Manitoba's *Freedom of Information and Protection of Privacy Act* (Part 1).

9.2 Job Satisfaction

Performance Indicator: ***Act on results of the Second Job Satisfaction Survey.***

Performance: ***Addressed primary concern of overcrowding.***

During 1999/2000, CLS has focused on dealing with the issue of overcrowding as it was cited as a primary concern in the March 1998 Job Satisfaction Survey. CLS has advised Government Services of its need for additional space and it is expected that additional space will be acquired during the 2000/01 fiscal year.

9.3 Fiscal Performance

Performance Indicator: ***Break even on operations.***
Performance: ***CLS recovered the cost of operations with a larger surplus than was budgeted for.***

Performance Indicator: ***To meet daily average billable hour target of 6.5 hours per billable day over 12 months.***
Performance: ***Target exceeded.***

The daily average billable hour target per lawyer of 6.5 hours per billable day during 1999/2000 was exceeded. These results reflect a very high level of productivity on the part of the members of CLS.

10. FINANCIAL
(In Thousands)

10.1 Summary

Financial highlights from the 1999/2000 fiscal year are given below:

($ Thousands)	Actual 1998/99	Actual 1999/00	Budget 1999/00	% Variance
Recoveries	*$ 3,281*	*$ 3,600*	*$ 3,441*	*4.6%*
Other Income	*29*	*48*	*36*	*33.3%*
Income before Expenses	**3,310**	**3,648**	**3,477**	**4.9%**
Expenses				
Amortization	*37*	*25*	*36*	*(30.5%)*
Desktop Management Initiative	*17*	*189*	*197*	*(4.1%)*
U.S. Foreign Exchange	*1*	*0*	*0*	*0.0%*
Law Cases Disbursements	*1*	*24*	*100*	*(76.0%)*
Loss on Disposal of Capital Assets	*53*	*0*	*0*	*0.0%*
Other Costs	*182*	*184*	*156*	*17.9%*
Professional Fees and Services	*71*	*89*	*74*	*20.3%*
Rentals	*124*	*118*	*156*	*(24.4%)*
Wages and Benefits	*2,566*	*2,975*	*2,880*	*3.3%*
Total Expenses	**3,052**	**3,604**	**3,599**	**0.1%**
Net Income	**258**	**44**	**(122)**	**136.1%**
Retained Earnings Beginning of year, as previously recorded	*1,099*	*957*		
Revenue Sharing	*-400*	*-500*		
Retained Earnings, end of year	**$ 957**	**$ 501**		

10. FINANCIAL

(In Thousands)

10.1 Summary

Financial highlights from the 1999/2000 fiscal year are given below:

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Net Income	**258**	**44**	**(122)**	**136.1%**
Retained Earnings Beginning of year, as previously recorded	*1,099*	*957*		
Revenue Sharing	*-400*	*-500*		
Retained Earnings, end of year	**$ 957**	**$ 501**		

As a special operating agency, the financial statements of CLS have been prepared in accordance with generally accepted accounting principles using the accrual method whereby all revenues and costs of operation have been accrued.

10.2 Income

CLS's net income for the 1999/2000 fiscal year is $44 (136.1% over budget), which is attributable to:

(i) strong demand for legal services;

(ii) counsel exceeding their billable hour targets; and

(iii) the ability of Civil Legal Services, through use of its staffing flexibility, to sustain a level of service appropriate to client demand.

10.3 Expenses

Total expenses for CLS to March 31, 2000, are $5 (0.1%) over budget. This is attributable to:

(a) Wages and Benefits

Wages and benefits have increased by $95.0 (3.3%) in 1999/2000 due mainly to the recalculation of the pension liability being restated using the indexed basis consistent with the Province's revised policies on pensions. In comparison to 1998/99, wages and benefits increased by $409 (15.9%) which is primarily due to increased staffing levels.

(b) Other Costs

Other costs, which consist primarily of the operating costs of CLS, are $28 (17.9%) over budget due to increased costs in several areas, including the following: Computer related costs increased by $18 attributable to costs associated with the coordination of a contract with Quicklaw and the timing of the repayment by another area in Justice not occurring within the fiscal year as agreed.

(c) Professional Fees and Services

Professional Fees and Services are $15 (20.3%) over budget, and $18 (25.4%) over the 1998/99 fiscal year, attributable to the requirement to obtain additional consulting and assistance for problems associated with the use of SAP, the Desktop Initiative and the conversion of financial data.

APPENDIX A

Performance Measurement

	Objective	Baseline 1995/96*	1996/97*	1997/98*	1998/99*	1999/2000
Input Measures	To provide timely, high quality, helpful, efficient and cost-effective legal services that meet the needs of its clients, namely, the Government of Manitoba and the government's agencies, boards, committees and those Crown corporations to which CLS provides legal services	32 Full time employees ("FTE") 20 counsel 1 articling student 9 admin assistants 1 admin officer 1 director	35 FTE 21 counsel 1 articling student 11 admin assistants 1 admin officer 1 director	42 FTE 24 counsel 2 articling student 14 admin assistants 1 admin/financial officer 1 director	46 FTE 26 counsel 2 articling student 16 admin assistants 1 admin/financial officer 1 director	53 FTE 31 counsel* 2 articling students 16 admin assistants 1 admin officer 1 accounting clerk 1 financial officer 1 director *includes four counsel on maternity leave each for six months of 1999/2000
Output Measures	Number of hours of service provided	27,860 hours	27,454 hours	32,455 hours	38,206 hours	39,455 hours
Activity Measures	Average billable hour target per billable day per counsel	6.5 hours	6.5 hours	6.5 hours	6.5 hours	6.5 hours
	Average actual billable hours per billable day per counsel	Achieved	Achieved	Achieved	Achieved	Achieved
Outcome Measures						
Client Satisfaction	General Client Survey	92% of respondents satisfied or more than satisfied**	No survey	93% of respondents satisfied or more than satisfied	No survey	97% of respondents satisfied or more than satisfied
	Client Comment Cards *Introduced in February 1997*			93% of respondents satisfied or more than satisfied	97% of respondents satisfied or more than satisfied	64% of respondents more than satisfied and 36% of respondents satisfied

	Objective	Baseline 1995/96*	1996/97*	1997/98*	1998/99*	1999/2000
Cost Effectiveness Cost Savings (000's)	Annual Cost Savings The cost recovery for legal services was introduced as a budget reduction measure. Unlike the approach taken with respect to the recovery of rental costs by Government Services, the client departments of CLS were not given any additional funding to cover the cost of legal services. This means that the amount charged each year to each client represents a net reduction in the client budget and an on-going budgetary savings to government. Following this approach, the total savings from April 1, 1995, to March 31, 2000, are $15,378	$2,702	$2,657	$3,138	$3,281	$3,600
Cost Effectiveness Cost Savings (000's) continued	Net Income As CLS operates very cost effectively, such that each year it has recovered an amount that exceeds it annual operating costs, the difference between the dollar value of service provided each year and the cost to government of CLS's operations in that year in effect is another way of calculating a cost savings as those funds are collected by CLS from clients but not expended. Looking at savings in this fashion, the annual net income of CLS each year could be considered to be a government cost saving. Total savings are $ 1,401	CLS Net Income $524	CLS Net Income $323	CLS Net Income $252 (Restated)	CLS Net Income $258	CLS Net Income $44

	Objective	Baseline 1995/96*	1996/97*	1997/98*	1998/99*	1999/2000
Cost Effectiveness Cost Savings (000's) continued	Revenue Sharing A third way of calculating cost savings to government would be to include revenue sharing payments from the retained earnings of CLS paid to government. Total savings are $900				Revenue Sharing Payment $400.0	Revenue Sharing Payment $500.0

* Figures are taken from the Annual Report for each applicable year.
**CLS uses the results of the 1996 Client Satisfaction Survey as an ongoing baseline and target for client satisfaction.

FINANCIAL STATEMENTS

for the year ending March 31, 2000

(000's)

CIVIL LEGAL SERVICES

MARCH 31, 2000

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Civil Legal Services
An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba
Responsibility of Financial Reporting

The Agency's management is responsible for the financial statements and other financial information in the annual report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of the Agency's financial position and the results of operations in accordance with generally accepted accounting principles. The financial statements have been audited by The Exchange Group - Chartered Accountants, independent external auditors.

The Agency maintains a system of internal controls throughout its operation that provides reasonable assurance that the transactions are authorized, properly recorded and reported and that the assets are safeguarded.

The Advisory Board meets regularly with management to review accounting practices, financial reporting and to discuss audit results. The auditors have free and full access to this board, and to discuss the results of their audit and their views on the adequacy of internal controls and the quality of the financial reporting.

Tom Hague
Chief Operating Officer

June 16, 2000

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THE EXCHANGE

chartered accountants

AUDITORS' REPORT

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of Civil Legal Services, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2000 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2000 and the results of its operations and the changes in its cash flows for the year then ended, in accordance with generally accepted accounting principles.

THE EXCHANGE
chartered accountants

Winnipeg, Manitoba
June 2, 2000

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CIVIL LEGAL SERVICES
(An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba)

BALANCE SHEET
(In Thousands)
AS AT MARCH 31, 2000

	2000	1999
ASSETS		
CURRENT		
Cash and short-term deposits	$ 355	$ 260
Accounts receivable	306	756
Accounts receivable - Province of Manitoba	388	388
Deferred Contributions - Province of Manitoba	126	-
	1,175	1,404
CAPITAL, notes 2 and 3	69	74
PENSION TRUST	668	473
TRUST ASSET	6	6
	$ 1,918	$ 1,957
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 61	$ 30
Vacation payable	254	229
	315	259
PENSION LIABILITY	802	473
SEVERANCE LIABILITY, note 7	294	262
TRUST LIABILITY	6	6
	1,417	1,000
EQUITY		
RETAINED EARNINGS	501	957
	$ 1,918	$ 1,957

CIVIL LEGAL SERVICES
(An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF INCOME AND RETAINED EARNINGS
(In Thousands)
YEAR ENDED MARCH 31, 2000

	2000	1999
RECOVERIES	$ 3,600	$ 3,281
OTHER INCOME	48	29
INCOME BEFORE EXPENSES	3,648	3,310
EXPENSES		
Amortization	25	37
Desktop management initiative	189	17
U.S. foreign exchange	-	1
Law cases disbursements	24	1
Loss on disposal of capital assets	-	53
Other costs	184	182
Professional fees and services	89	71
Rentals	118	124
Wages and benefits	2,975	2,566
	3,604	3,052
NET INCOME	44	258
RETAINED EARNINGS, beginning of year	957	1,099
REVENUE SHARING - PROVINCE OF MANITOBA	(500)	(400)
RETAINED EARNINGS, end of year	$ 501	$ 957

CIVIL LEGAL SERVICES
(An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS
(In Thousands)
YEAR ENDED MARCH 31, 2000

	2000	1999
OPERATING ACTIVITIES		
Cash flows from operations		
Net income	$ 44	$ 258
Add: non-cash charges		
Amortization	25	37
Loss on disposal of capital assets	-	53
	69	348
(Increase) decrease in non-cash working capital		
Accounts receivable	450	(260)
Accounts receivable - Province of Manitoba	-	(248)
Deferred contributions - Province of Manitoba	(126)	-
Accounts payable and accrued liabilities	31	10
Vacation payable	25	46
Severance liability	32	262
Pension liability	329	143
	741	(47)
Cash flows from operations	810	301
FINANCING ACTIVITIES		
Revenue sharing - Province of Manitoba	(500)	(400)
INVESTING ACTIVITIES		
Additions to capital assets	(19)	(44)
Pension investment	(196)	(472)
	(215)	(516)
INCREASE (DECREASE) IN CASH	95	(615)
CASH, beginning of year	260	875
CASH, end of year	$ 355	$ 260
REPRESENTED BY:		
Cash and short-term deposits	$ 355	$ 260

CIVIL LEGAL SERVICES
(An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2000

1. NATURE OF ORGANIZATION

The role of Civil Legal Services ("CLS") flows from the constitutional and statutory responsibilities of the Minister of Justice as the Chief Legal Advisor to government and the guardian of the public interest. Acting pursuant to government policy, Civil Legal Services is responsible for providing a full range of high quality legal services, on a cost recovery basis, to its clients, namely the Government of Manitoba, the government's agencies, boards and committees and some Crown corporations.

On April 1, 1992, CLS became the first government legal services office in Canada to recover the cost of providing legal services to its clients. While a number of provinces and the federal government are currently looking at the issue of cost recovery for in-house legal services, CLS remains the only government legal services office to operate on this basis.

Effective April 1, 1995, CLS was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap. s185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

CLS is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from CLS operations. It finances CLS through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigourous planning and reporting requirements afforded by Special Operating status, assists CLS to sustain the provision of high quality legal services to its clients.

A Management Agreement between the Financing Authority and the Minister of Justice assigns responsibility to CLS to manage and account for CLS related assets and operations on behalf of the Financing Authority.

CLS continues to be part of Manitoba Justice under the general direction of the Associate Deputy Minister, and ultimately the policy direction of the Deputy Minister and Minister.

CLS remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

The Financing Authority is economically dependent on the Province of Manitoba. Currently, the Financing Authority derives most of its revenue and all of its capital financing requirements from the Province.

CIVIL LEGAL SERVICES
(An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2000

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of CLS have been prepared in accordance with generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Capital Assets

Capital assets are recorded at cost and are amortized annually at the following rates and basis:

Furniture and fixtures	-	20%, straight-line basis, 10% in year of acquisition on purchases over $1
Computer hardware and software	-	20%, straight-line basis, 10% in year of acquisition on purchases over $1, software purchases less than $1 are expensed in the year of acquisition
Leasehold improvements	-	over 5 years, straight-line basis

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2000 Net Book Value	1999 Net Book Value
Furniture and fixtures	$ 96	$ 38	$ 58	$ 56
Computer hardware				
Leasehold improvements	38	27	11	18
	$ 134	$ 65	$ 69	$ 74

CIVIL LEGAL SERVICES
(An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2000

4. WORKING CAPITAL PAYABLE

CLS has an authorized line of working capital of $500 of which $Nil was used as at March 31, 2000.

5. THE PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

It is a requirement of The Public Sector Compensation Disclosure Act that annual public disclosure be made of individual compensation exceeding $50 annually to any officer or employee of the Agency. The following employees received compensation in excess of $50:

Name	Position	2000	1999
E. Andres	Legal Counsel	$ 77	
J. Barak	Legal Counsel	$ 52	$ 80
A. Berg	Legal Counsel	$ 83	$ 80
I. Frost	Legal Counsel	$ 80	$ 83
D. Gisser	Legal Counsel	$ 80	$ 77
M. Goska	Legal Counsel	$ 59	
D. Guenette	Legal Counsel	$ 52	
T. Hague	Director	$ 91	$ 83
G. Hannon	Legal Counsel	$ 80	$ 77
J. Kapac	Legal Counsel	$ 76	$ 67
T. Krienke	Legal Counsel	$ 55	
L. Lavoie	Legal Counsel	$ 52	$ 64
D. Lofendale	Legal Counsel	$ 73	$ 66
W. McFetridge	Legal Counsel	$ 83	$ 80
G. Mildren	Legal Counsel	$ 83	$ 80
S. Pierce	Legal Counsel	$ 80	$ 77
C. Romeo	Legal Counsel	$ 77	$ 65
D. Seale	Legal Counsel	$ 52	
A. Stevens	Legal Counsel	$ 63	$ 57
M. Webb	Legal Counsel	$ 67	$ 66
D. Werthman	Legal Counsel	$ 66	$ 50
R. Winters	Legal Counsel	$ 80	$ 83

CIVIL LEGAL SERVICES
(An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2000

6. YEAR 2000 COMPLIANCE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, the agency has reviewed its systems, completed all modifications and currently believes it is 100% ready for the effects, if any, that may arise due the effects of the Year 2000 as at March 31, 2000.

7. SEVERANCE LIABILITY

Effective April 1, 1998, the Agency is recording accumulated severance payable benefits for its employees. Severance pay is determined by multiplying years of service, to a maximum of fifteen years, by the weekly salary at date of retirement provided the employee reaches nine years of service and retires from the agency. The estimate is based upon the method of calculation set by the Province of Manitoba.

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees to March 31, 1998. Accordingly, the opening severance pay liability balance at April 1, 1998 of $248 was completely offset by a receivable from the Province. There are no terms of repayment for this receivable, and the amount will remain fixed at $248.